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Ecl

2 June 1960

Copy No. C 68

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 28
NO CHANGE IN CLASS. ☒
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S O
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
9 JUN 1980
DATE: _____ REVIEWER: _____

State Dept. review completed

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Approved For Release 2002/10/21 : CIA-RDP79T00975A005100280001-4

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2 JUNE 1960

I. THE COMMUNIST BLOC

Peiping and Moscow make several new economic overtures to Burma following U Nu's return to premiership.

II. ASIA-AFRICA

Japanese Socialists, in new effort to block ratification of US-Japanese treaty, announce decision to resign en masse from Diet lower house.

Despite the demonstrations protesting Rhee's departure from South Korea, most politicians and bulk of public there appear to support provisional Huh government.

Afghan Government reportedly has decided to accept large-scale Soviet aid for Second Five-Year Plan.

Iranian officials, concerned over impact of Turkish coup, reportedly are trying to warn Shah to start political reforms or face possible outbreaks in Iran.

Turkish foreign minister indicates trials of Menderes regime officials may be held under present provisional government.

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DAILY BRIEF

I. THE COMMUNIST BLOC

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Burma: The Sino-Soviet bloc has made several economic overtures to Burma since U Nu's recent return to the premiership there. During the past month, Peiping has proposed an expansion of trade and aid for small industry, and the USSR has offered to help construct the Burmese portion of a proposed Southeast Asian road net and to staff the Soviet-built hospital and technological institute in Burma. U Nu probably will be more receptive than the previous Ne Win government to Communist aid offers. The Ne Win regime did not stop the \$12,000,000 worth of bloc projects under construction, but did cancel \$25,000,000 worth of bloc credits.

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II. ASIA-AFRICA

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Japan: The Socialist party's announced decision to resign en masse from the lower house of the Diet is the opposition's latest effort to block ratification of the new US-Japanese security treaty by forcing Prime Minister Kishi to dissolve the parliament or resign. Kishi has the constitutional right to use his party's sizable majority in the upper house to proceed with ratification of the treaty. His decision to do so, however, may depend on the extent to which the press and public opinion support the Socialist demand for dissolution of the Diet, or heed Kishi's warning that a government surrender to unparliamentary leftist pressures would pose a serious threat to democracy in Japan. Although the Japanese press has recently become increasingly critical of Kishi for his handling of the treaty

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issue, it has also shown signs of increasing uneasiness over the extreme position assumed by the leftists. [redacted]

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South Korea: The initial reactions in South Korea to the flight of former President Rhee to Hawaii have ranged from simple expressions of "good riddance" to demonstrations demanding the resignation of the Huh Chung government and the recall of US Ambassador McConaughy for permitting him to depart. These extremist demands, however, appear limited to a minority of students, possibly under the influence of demagogues who have appeared since Rhee's ouster. While there may be further protest demonstrations, most politicians and the bulk of the public appear to decry them and to support the provisional Huh government and its program of reforms.

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L Afghanistan: The Afghan Government reportedly has decided to accept large-scale Soviet aid for its Second Five-Year Plan (1961-66) and plans to send a delegation to Moscow later this month to sign a formal agreement. Although the Afghan royal family has been wary of excessive Soviet participation in the country's economic development, Prime Minister Daud probably has decided that the need for large, long-term commitments for the foreign-exchange components of the plan justifies the risks involved. Daud has also asked for substantial US aid for the plan. [redacted] (Page 4)

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[Iran: Some top Iranian officials, alarmed over the possible effects in Iran of the Turkish coup, are attempting to warn the Shah that unless he starts political reforms soon, there may be outbreaks directed against him.] [Activi-ty by political opposition groups, noted even before the Turkish Army's action, reportedly has since increased.] [The Shah returned to Tehran from Europe on 29 May, apparently several days earlier than previously planned. [redacted]

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DAILY BRIEF

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Turkey: The provisional government has named a committee of magistrates to investigate persons responsible for unconstitutional acts of the Menderes regime. Foreign Minister Selim Sarper states that it was originally planned that trials of former government officials would be postponed until after a new constitutional government comes into power, but he now believes they may be held sooner.

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III. WATCH COMMITTEE CONCLUSIONS

On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:

- []*
- A.** No Sino-Soviet bloc country intends to initiate hostilities against the United States or its possessions in the immediate future.
 - B.** No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the orbit in the immediate future.
 - C.** The following developments are susceptible of direct exploitation by Soviet/Communist hostile action which could jeopardize the security of the US in the immediate future:

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Japanese Political Crisis Worsens

An announcement that Socialist members of the lower house of the Diet will resign en masse is the latest move by Japanese leftists to force Prime Minister Kishi either to resign or to dissolve the Diet and thereby halt ratification of the new US-Japanese security treaty. The Socialists, however, are delaying the submission of their resignations until after mass leftist demonstrations scheduled for 4 June--which are expected to exceed the turnout of 160,000 persons on 26 May--and are allowing themselves time to gauge press and public reaction before actually implementing their decision.

If the resignations are submitted, Prime Minister Kishi has two alternatives for handling them, other than resigning or dissolving the Diet. The Diet can refuse to accept them and proceed with final ratification of the treaty in the upper house, whether or not the opposition parties maintain their boycott of the Diet sessions. A second, less likely, possibility is for Kishi to carry out his earlier threat to hold by-elections for any vacancies created by Socialist resignations, but this would probably be denounced by the press as another of his "dictatorial" tactics. Kishi's prospects for retaining office following completion of the President's visit are uncertain but appear to be diminishing.

Indications are that Kishi will continue his efforts to complete ratification, with or without Socialist participation, by the time President Eisenhower arrives on 19 June. His decision may depend on the extent to which the press and public opinion continue to denounce Kishi for his handling of the security treaty issue or heed his warning that a government surrender to demonstrations and unparliamentary tactics would constitute a serious threat to democracy in Japan.

The latter argument is inducing some members of the ruling Liberal-Democratic party to work somewhat more aggressively for passage of the treaty and to de-emphasize their attacks on Kishi until this is achieved.

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Government officials continue to believe that the present crisis and demonstrations will subside before the President's arrival. Asahi Shimbun, Japan's largest and most influential newspaper, believes the crisis will not abate, however, and has called on Kishi to request that the visit be postponed until "a more suitable time."

A spokesman for the radical Zengakuren students' federation, whose two principal leaders were arrested on 31 May, has said that the group is withdrawing its threat to stone the President and to engage in other violent acts, but he cautioned that a Communist-dominated faction within the federation has orders from Moscow to stage violent demonstrations. [REDACTED]

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South Korean Reaction to Rhee's Flight

The initial reactions in South Korea to the flight of former President Rhee to Hawaii on 29 May have ranged from simple expressions of "good riddance" to demonstrations demanding the resignation of the government of acting chief of state Huh Chung and the recall of American Ambassador McConaughy for permitting him to depart. Extremist demands, however, appear limited to a minority of students, possibly under the influence of demagogues who have appeared since Rhee's ouster. (Leftist groups seem unlikely to become a major political influence in the near future, although they may eventually emerge as an influential minority.

While there may be further protest demonstrations, most politicians and the bulk of the public appear to decry them and to support Huh's provisional government and its program of reform. Ambassador McConaughy has noted that the National Assembly's interpellation of Huh regarding Rhee's departure was not hostile and appeared more for the record than to harass Huh. On 31 May antigovernment student demonstrators were dispersed by other student elements, and a number of schools reportedly have refused to take part in demonstrations planned for later this week.

Meanwhile, General Paek Son-yop has submitted his resignation as chairman of the South Korean Joint Chiefs of Staff. This action has been expected for some time and follows the ouster of other top army leaders tainted by association with the Rhee regime. Although the replacement of other officers appears likely, the government has given strong indication of desiring to control such changes so that the military's capabilities are not adversely affected.

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Kabul Reportedly Accepting Soviet Aid for Second Five-Year Plan

Kabul has decided to send a delegation to Moscow on 19 June to sign a formal agreement on Soviet aid for its Second Five-Year Plan (1961-66), [REDACTED]

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[REDACTED] The new aid is apparently expected to cover a major part of the foreign exchange components of the plan and is likely to be substantial--Soviet offers of loans ranging from \$200,000,000 to \$300,000,000 have been rumored in Kabul. Afghanistan has already received about \$240,000,000 in Soviet credits and grants, of which about \$80,000,000 has been drawn.

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The royal family has been wary of overdependence on Soviet aid--Kabul had earlier asked for substantial US support for the plan. Prime Minister Daud, who recently returned from a five-week vacation in the USSR, however, has probably decided that the need for large-scale, long-term commitments for the foreign exchange components of the plan justifies accepting a new loan. In addition he may feel that with the discovery of oil in Afghanistan his government will be better able to repay additional loans and can afford to relax its policy of accepting only grants.

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Key Iranian Officials Attempting to Warn Shah to Make Political Reforms

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[REDACTED]

[REDACTED] The Shah, who returned to Tehran from Europe on 29 May, apparently several days earlier than he previously had planned, now must decide on the degree of freedom to permit in the parliamentary elections scheduled for July. In a speech to parliament on his return he declared, "Democracy is the strongest guarantee of a regime's perpetuity." There are no indications, however, that he is prepared to relinquish his dominance.

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[REDACTED]

[REDACTED] Any successful coup in Iran must have the support or acquiescence of a considerable part of the military forces in Tehran. Most of the higher ranking officers have vested interests in the status quo, and the Shah has encouraged the rivalry among ambitious officers as a means of enhancing his own power. [REDACTED]

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[REDACTED]

[REDACTED] The conditions for a coup attempt have existed for several years, but government surveillance and lack of common purpose among opposition groups have prevented development of an effective antiregime movement. [REDACTED]

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Turkish Internal Situation

The new government of Turkey has established a special committee to investigate the activities of former Premier Menderes and the members of his regime. If this investigation reveals evidence of misdeeds in office, the officials involved will stand trial and be barred from future political activity, according to the present head of government, General Cemal Gursel. An aide to Gursel has indicated that the charge against them would be "acting against the constitution." Meanwhile, unconfirmed reports continue to circulate in Turkey that the deposed officials were plotting to destroy the effective opposition of dissatisfied elements in the army and universities. Reports of corruption in the highest levels of the old regime are also being disseminated by spokesmen for the new government.

[Selim Sarper, foreign minister in the new government but a long-time acquaintance of the highest-ranking members of the old regime, informed the American ambassador in Ankara that he recently visited the military academy where the Democratic party leaders are in custody. Menderes, ex-President Bayar, and former Foreign Minister Zorlu reportedly are in good health. According to Sarper, the trials of these men, originally to be postponed until after election of a new government, may be held much sooner in order to prevent loss of evidence of misdeeds and to reduce the excessive nervous strain on the accused. This decision appears to have followed the suicide of former Minister of Interior Nemik Gedik after he suffered what the government described as a "nervous breakdown."]

[Sarper also indicated that there is a division within the cabinet between moderate and extremist wings, with Sarper among the former. The moderates will be encouraged by Republican People's party (RPP) leader Ismet Inonu's promise during a press conference on 1 June to take no vindictive measures against the ousted leaders. In case of RPP victory in the forthcoming elections, Inonu would become premier.]

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Scientific Adviser to the President
Director of the Budget
Director, Office of Civil and Defense Mobilization
Director, National Aeronautics and Space Administration
Special Assistant for Security Operations Coordination
Chairman, Board of Consultants on Foreign Intelligence Activities
Special Assistant for Foreign Economic Policy
Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State
The Under Secretary of State
The Under Secretary of State for Political Affairs
The Deputy Under Secretary of State for Political Affairs
The Deputy Under Secretary of State for Administration
The Counselor
Director, International Cooperation Administration
The Director of Intelligence and Research

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Chief of Naval Operations, United States Navy
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Commandant, United States Marine Corps
Assistant to Secretary of Defense for Special Operations
Director for Intelligence, The Joint Staff
Assistant Chief of Staff for Intelligence, Department of Army
Director of Naval Intelligence, Department of Navy
Assistant Chief of Staff, Intelligence, Department of the Air Force
Supreme Allied Commander, Europe
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Atomic Energy Commission

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